cycles

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Executive Director: Edward R. Dewey
Editor, Cycles: Gertrude F. Shirk
Manager, Production: M. A. Copeman
Editorial Advisors: Gustav Gumpert
C. James MacLemore
Manager, Membership: Gertrude E. Roessle

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Our Policy Is:

Our policy is to publish information about cycles in any field. Therefore we include economic statistics in the material we cover. Some of the reasons for what may appear to be an excess amount of economic coverage are (a) that the data are readily available, (b) that they exist at frequent intervals, (c) that they are kept up to date, and (d) that long records are frequently available.

When we show a cycle extended into the future it is not for the purpose of forecasting. It is rather to see if the cycle continues. (A cycle which continues after discovery is 30 or 40 times as likely to be real as one that is found merely in back figures).

Your Policy Should Be:

Your policy should be to follow the cycles in economic data, and then to evaluate all the *other* factors before you make up your mind about what the future may hold.

Cycles are only one of the forces you must consider if you are attempting economic forecasting. Unless you study and weigh all the other forces that, in addition to cycles, also help to create economic changes, you are going to make grave errors.

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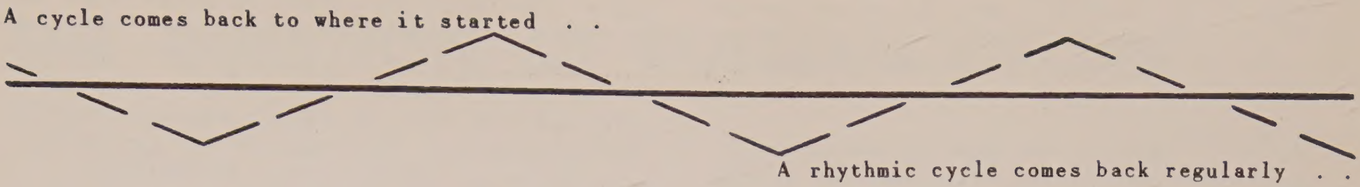

A cycle comes back to where it started . .
A rhythmic cycle comes back regularly . .

THE DIRECTOR'S LETTER

Dear Member:

In September I went to Siena, Italy, to present a paper at the Seventh International Conference of the Society for Biological Rhythm.

En route, I stopped off to meet with members and scientists concerned with our subject.

The meeting itself was quite an affair. About 150 scientists attended. The University of Siena played host, assisted by the Italian government. Simultaneous translations into English, German, and Italian were provided. We were royally entertained at various functions by the businessmen of Siena, by the Mayor, and by the President of the province. (Cycles seem to be more important in Europe than over here.)

The members of the Society for Biological Rhythm are mostly physiologists, doctors, psychiatrists, botanists, and others concerned with cycles in animals and plants caused by various sorts of stimuli. The group does not concern itself very much with animal abundance.

The cycles with which the group is concerned are mostly those about a day long—the sort of cycle that used to be called "diurnal" (daily), but which are now called "circadian," from the word "circa," meaning *about*. The new terminology results from the fact that it has been discovered that many of the so-called daily rhythms are not exactly 24 hours long, but are 22½, 23, 25, 26½ or some other closely related length, when freed from the forcing action of day and night.

A few of the talks, but not many, concerned cycles of other lengths.

I found these biologists almost completely unaware of cycles of longer lengths and of cycles in other phenomena.

I must confess that, on my part, I had not kept up with progress in respect to daily rhythms. A day is a day is a day is a day. So what! But now it appears that a day isn't a day—i.e., a 24-hour day—at all. What a gold mine for cycle study! What could cause a 22½-hour rhythm in an organism? In many instances something within the creature no doubt. But in *all* instances? Who knows?

It enlarged my horizons relative to cycles to realize that all this effort could be expended relative to just one sort of cycle. And the surface of the subject just scratched!

Was the trip worthwhile? That is, did I advance the cause of cycle study a little? Can I bring back anything to you from the meetings? Did I make any contacts or learn anything that will help me to solve the mystery of *cause*?

The answer is Yes, on all counts. Whether the values equal the cost in money and time, I do not know. Who can put a money value on ideas?

IF I WERE PRESIDENT. . .

If I were President I would put first things first. I would use the great power of that office—ruthlessly, if need be—to make all of our military bases "hard"—IMMEDIATELY!

A "hard" base is one that is underground, so protected that it can withstand any atomic attack, except a direct hit.

There is perhaps some excuse for our not being able to make rockets that will fly 6,000 to 10,000 miles and land exactly on target. To attain this degree of perfection requires experimentation and *time*.

But there is NO excuse for not proceeding full speed to make all our bases invulnerable —*regardless of cost*. It is merely an earth-moving and construction job for which we already have the men, the equipment, the know-how.

Until this is done nothing else—except mere subsistence—has any importance whatsoever.

I remember reading, during World War II, of an episode in Australia. It seems that a contingent of our men were set down on a new airfield. Directly, some Aussies, back from the front, were also set down. As the Aussies disembarked, each man—before he did *anything* else—rushed to dig himself a foxhole. The Americans, with no front line experience, were amazed.

It isn't feasable for us, as a people, to dig foxholes for the entire nation. But for survival we *must* dig foxholes for our bases—our means of retaliation—INSTANTLY!

From the vantage point of the Presidency, I'm sure I could get the people behind me; if not, I'd do the job anyway. If there were no other way, I'd put shovels in the hands of the government clerks and let the stenographers carry the dirt in baskets on their heads! I advance this exaggeration to reveal the importance and urgency I attach to this matter.

Having got this program full speed under way, there are other things I would do, but I'll not name them here. I don't want to detract from the force of what I have already said. And anyway, as of present writing, my chances of being the next President seem rather slim!

Cordially yours

Edward R. Dewey

Director

NEW YORK CHAPTER NEWS

The November meeting of the New York Chapter will be held on November 15. Dr. Daniel S. Lehrman, Director of the Animal Behavior Institute at the Newark College of Arts and Sciences will speak on "Interesting Cyclic Behavior Patterns in Doves."

At the December meeting, to be held on the 15th, the Chapter will hear Anthony Gaubis, President of Anthony Gaubis and Company, speak on "My Thirty Years of Study of Stock Market Cycles."

THE QUESTION OF RUSSIAN CYCLES

by Gertrude Shirk

We are often asked whether or not the Soviet economy shows any evidence of cycles. The answer, in so far as it is possible to make one, is a qualified yes.

At the present time the data on Russia is not developed sufficiently, and the period covered is too short for us to reach any conclusion about whether or not the cycles are rhythmic. But there is little question that the Soviet economy does have its ups and downs.

The figures we used (1928-1955) are from the *Statistical Handbook of the U.S.S.R.* published by the National Industrial Conference Board in 1957. This book was a translation of the original *Soviet Statistical Handbook* and was annotated by Dr. Harry Schwartz, the Russian expert of the New York Times.

As Dr. Schwartz points out, Russian figures that report the actual numbers of things produced (i.e., the number of shoes) are more reliable than various indexes that combine many figures into one. We are using the reported production figures on cotton goods, cement, and crude steel. The figures apparently are reliable enough to use. At least we can get an idea about any cyclic tendencies. The 1956-1959 figures are from the United Nations *Monthly Bulletin of Statistics,* June 1960.

A fundamental fact to keep in mind is that the Soviet economy is in a stage of rapid growth. For example, their steel industry and electric power industry are going straight up when plotted on a chart. *A strong growth trend minimizes any low periods—a cycle low may be just a hesitation in the uptrend.* It was the same here when the growth trend in U.S. basic industries was going sharply upwards.

Nevertheless, drops in production can be severe. In 1936 Russia produced 112.9 thousand tractors (excluding garden and orchard tractors). In 1937 they produced only 51.0 thousand tractors, a drop of over 50%—a real good depression in the tractor industry, by any standards.

When there is a slump in some Russian economic activity, the reasons are different than in our free economy, but the slumps do occur. The Revolution may have eliminated cycles caused by a drop in general demand or variations in freely placed orders but they have created other reasons for slumps. Particularly, the consumer goods industries in Russia are vulnerable because of the emphasis on capital goods expansion. Figure 1 shows the fluctuation of cotton fabrics around a trend line at 100. The war and postwar period are blank, of course. But when you look at the

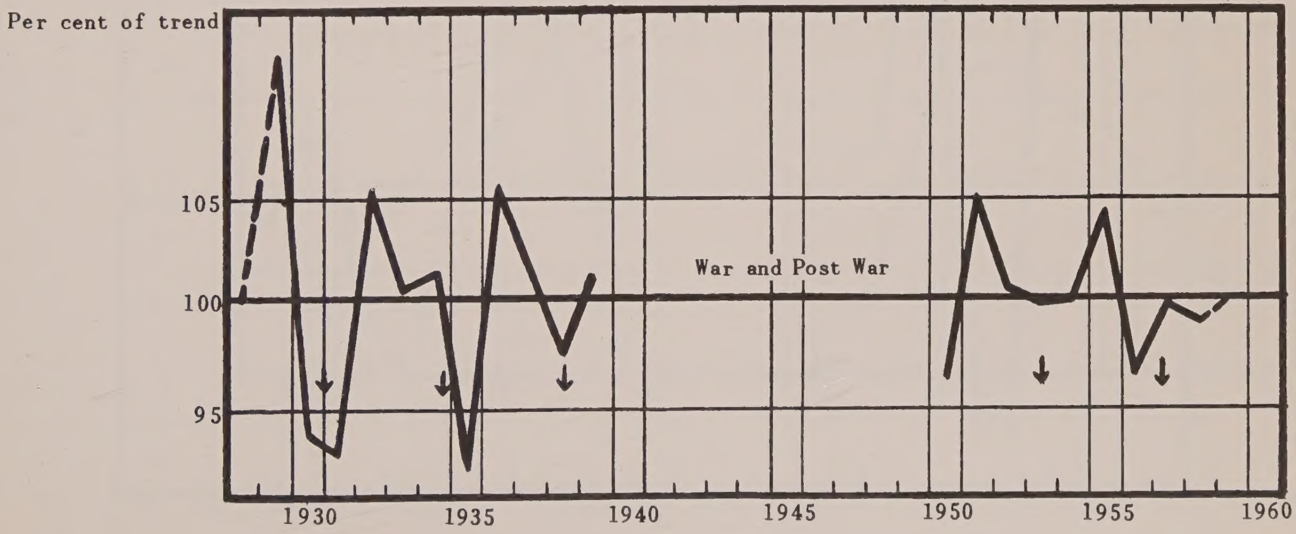


FIG. 1: VARIATION IN PRODUCTION OF COTTON FABRICS IN THE U.S.S.R.

chart you suspect a three to four year cycle. The arrows are placed on the chart at 3.75-year intervals (45 months). And the last two lows come about on time. I am not saying that there definitely is a 45-month cycle in the cotton fabrics produced in Russia. At this time we can only note the tendency.

The emphasis on heavy production at the expense of consumer goods may vary according to a cycle in the public pressure for more goods. It is not surprising to me, at least, that there is variation in the upward trend of a consumer goods item.

The variation in the production of any consumer item could be blamed on the whims of the state and the varying political pressures, but you would expect that carefully planned plant and equipment expansion should have eliminated ups and downs in heavy industry.

Travelers returning from Russia all talk of the great amount of building going on. The strong postwar uptrend in the production of cement would certainly bear this out. But even a growth trend that appears to be going straight up will falter. Figure 2 shows cement production as a per cent of trend. The prewar figures do show evidence of a cycle. The slump in the early 1950's is probably due to the Korean war and cannot be counted as cyclical.

Even the basic steel industry has had slumps in Russia. To be sure, the variation is not as great as what we experience—but a direct comparison is not fair because of the strong Russian growth trend. Once they have built up sufficient plant and have all the pipelines filled, errors and changes in planning or other as yet unguessed at factors could perhaps influence steel production in Russia as much as changes in orders influence steel production here.

Figure 3 shows actual steel production in Russia in the upper part of the chart together with a trend. The lower part of the chart shows the variation around the trend. The scale of the percentage variation is increased on this chart and the up and down distance of the variation cannot be compared directly with the distances on Figures 1 and 2.

For comparison, I noted the timing of the 6-year cycle in steel ingot production in this country on the chart of Russian production. The postwar picture shown is somewhat clouded by the fact that Russian production was partly war production during the Korean war.

The unexpected fact to emerge from the three charts shown here is that the variation in per cent of trend is greater in cement productions than in cotton fabrics. Cotton fabrics went up to about 5% above trend and down to about 5% below trend. And the percentage variation in steel production is greater than in cement production. Steel production varies about 15% above and below trend. That heavy industry should experience wider swings is a typical capatalistic phenomenon!

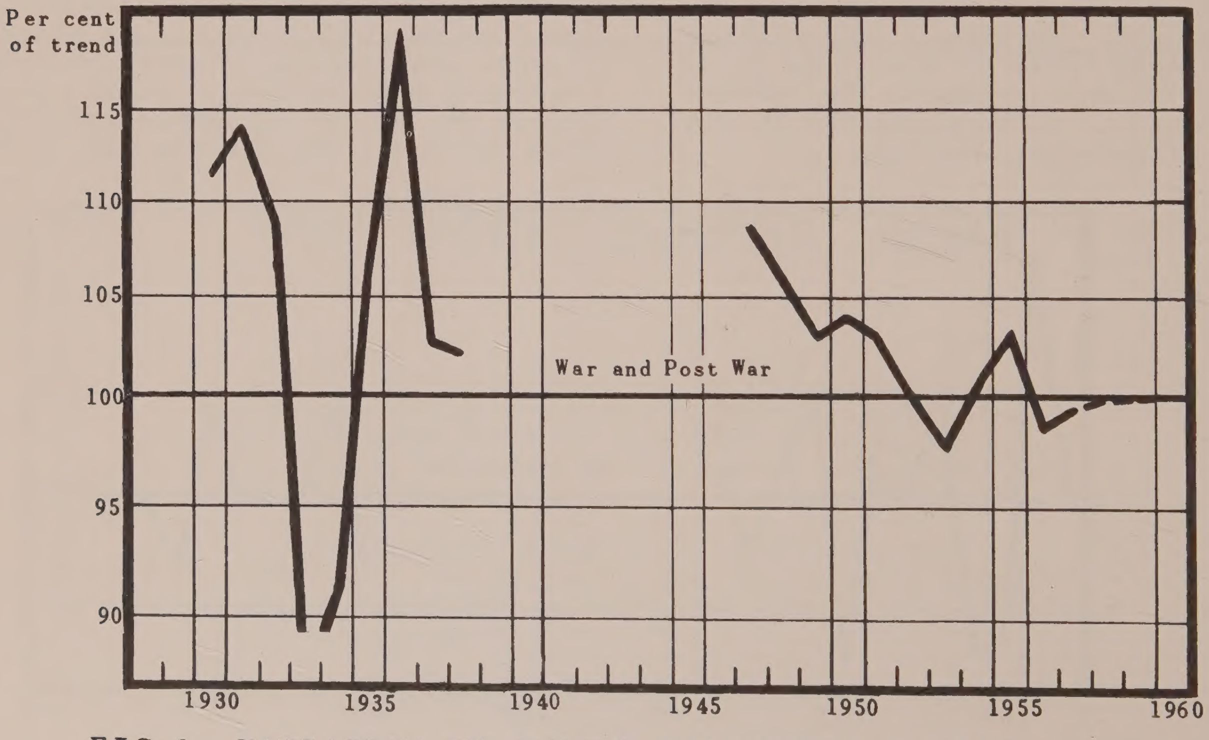


FIG.2: VARIATION IN CEMENT PRODUCTION IN THE U.S.S.R.

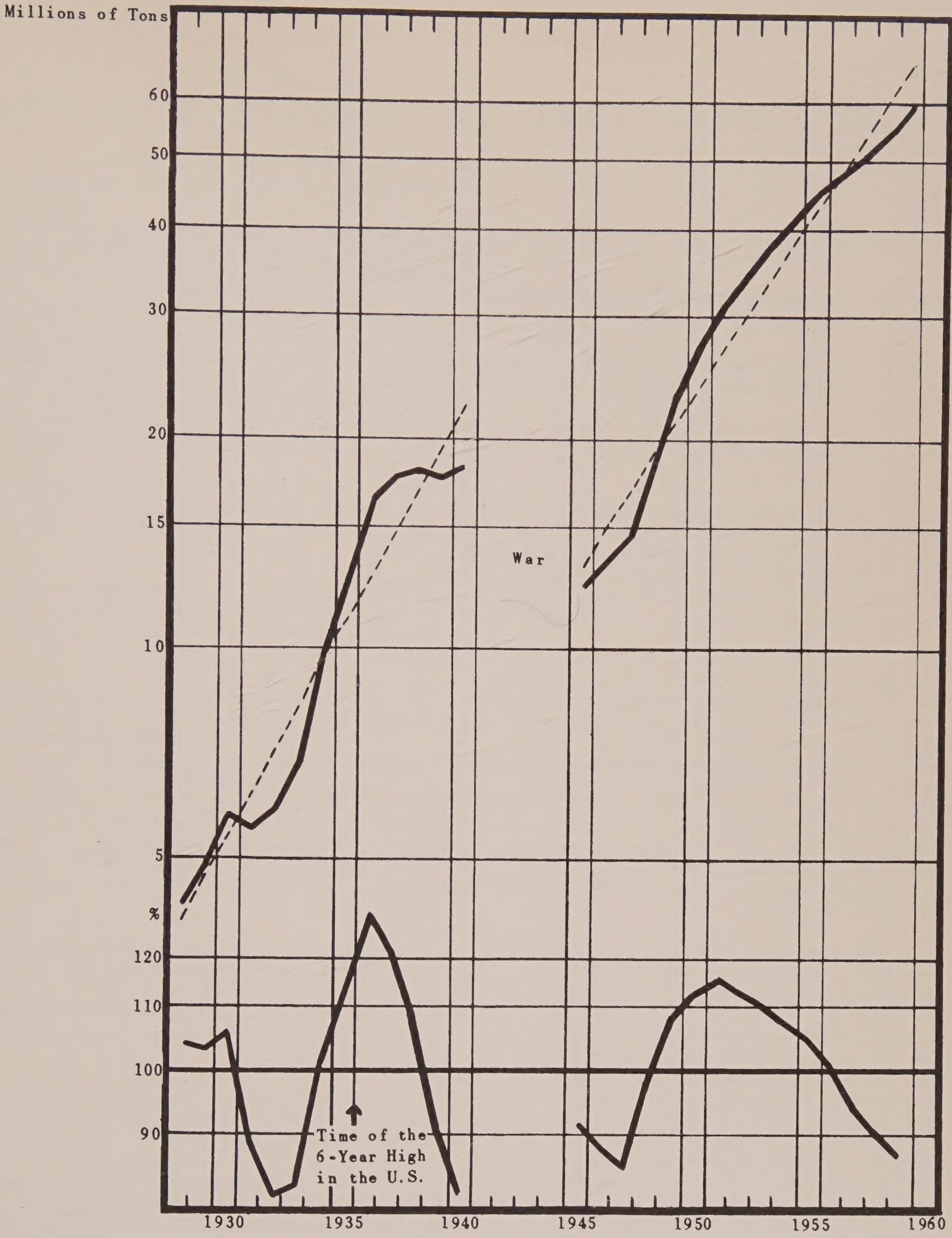


FIG.3: THE PRODUCTION OF STEEL IN THE U.S.S.R. TOGETHER WITH TREND AND THE VARIATION OF PRODUCTION FROM THE TREND

17–WEEK CYCLE FOUND IN SUNSPOTS, 1954—1960

by E. R. Dewey

I would like to have headed this article:

THE 17 1/6-WEEK STOCK PRICE CYCLE
FOUND ON THE SUN

This proves that the cause of this
cycle is outside the Earth

but such a statement would be premature.

Recent basic research has indeed shown that daily relative sunspot numbers from August, 1954 through May, 1960 do show a rhythmic cycle about 17-weeks long. The cycle is as clear or clearer than the 17-week cycle in stock prices over the same period of time.

However, you will remember that we were not satisfied that the 17-week cycle in stock prices was meaningful until we had carried it back first through 1948, then through 1928, and then through 1897. Moreover, until we had carried it back over the entire period of time we were not satisfied that its exact length was 17 1/6 weeks (120 1/6 days). To be sure that the 17-week cycle on the Sun is meaningful and that the cycle on the Sun and in stock prices are really the same, we need to do a similar amount of work with the daily relative sunspot numbers.

It is not too soon, however, to tell you what we have found out to date. It may not be conclusive, but it certainly is interesting.

What we have found out is important, too. You see, my hunch is that the *ultimate* causes of the rhythmic cycles we observe in terrestrial behavior lie outside the earth. I do not yet know for sure if these causes arise in the Sun, in the planetary system, or in outer space. My belief that the forces lie outside the Earth is based on two facts: (1) sunspots (and other solar disturbances) come and go in cycles and (2), these cycles on the Sun often have wave lengths that seem to correspond to the wave lengths of cycles here on Earth.

It's a very neat argument, but its flaw lies in the one word "seem," The lengths *seem* to be the same, but are they *really* the same? If they are, we have strong evidence that the theory is right.

Now to get the exact length of a cycle in one thing, to see if it is the same length as a similar cycle in something else, you need many, many repetitions. And as we have only 200 years or so of sunspot numbers, to get many repetitions we need to study short cycles. This has not yet been done to any great extent.

From all of this you can see how important it is, from the standpoint of learning *cause*, to know the exact length of short sunspot cycles.

We need to know *cause* if we are to know *laws*. And we need to know laws so that we can know if a given wave will be early or late, strong or weak.

All of this is what led me, two or three weeks ago, to investigate daily sunspot numbers to see if the 17 1/6-week stock price cycle might be present on the Sun as well as on Earth. The only daily sunspot figures I had handy were for 1958, 1959, and 1960. The cycle was present, even clearer than in stock prices, and with crests and troughs coming at about the same time! (But, of course, over so short a period we could not be sure of the exact length.)

Then I got figures back to 1954—the beginning of the present 11-year sunspot cycle. The 17-week cycle continued. Figure 1 shows the average cycle in sunspots over the entire six year period, assuming its length to be 17 1/6 weeks long.

A similar averaging of stock prices over the same period of time shows the 17 1/6-week cycle as diagrammed on Figure 2.

Now note one additional fact: the crest of the cycle in sunspots comes about *after* the crest in stock prices. This is exactly what we would expect from our knowledge of latitudinal passage. As you know, in everything investigated so far, the crests (and troughs) of the waves come later and later as the cycle is found nearer and nearer the equator. The latitude of the sunspots over the period 1954—1960 was about 20° North or South from the equator; the latitude of the people who bought and sold stocks was about 40° North of the equator. The sunspots *should* come a little later. (Theoretically, .13 weeks lag — per degree); 2.6 weeks in 20°.)

Our work thus gives added evidence of the correctness of the theory of latitudinal passage.

Note also that the cycle on the Sun goes up fast and down slowly, like the main sunspot cycle. On the Earth it goes up and down in equal legs. This fact, if it prevails in earlier years, may give rise for thought.

Summary: Indications are that the 17 1/6-week cycle found on Earth in stock prices is also present in sunspot numbers. And that this cycle comes later on the Sun, as called for by the theory of latitudinal passage.

More work is required to see if these indications continue as we go backward in time.

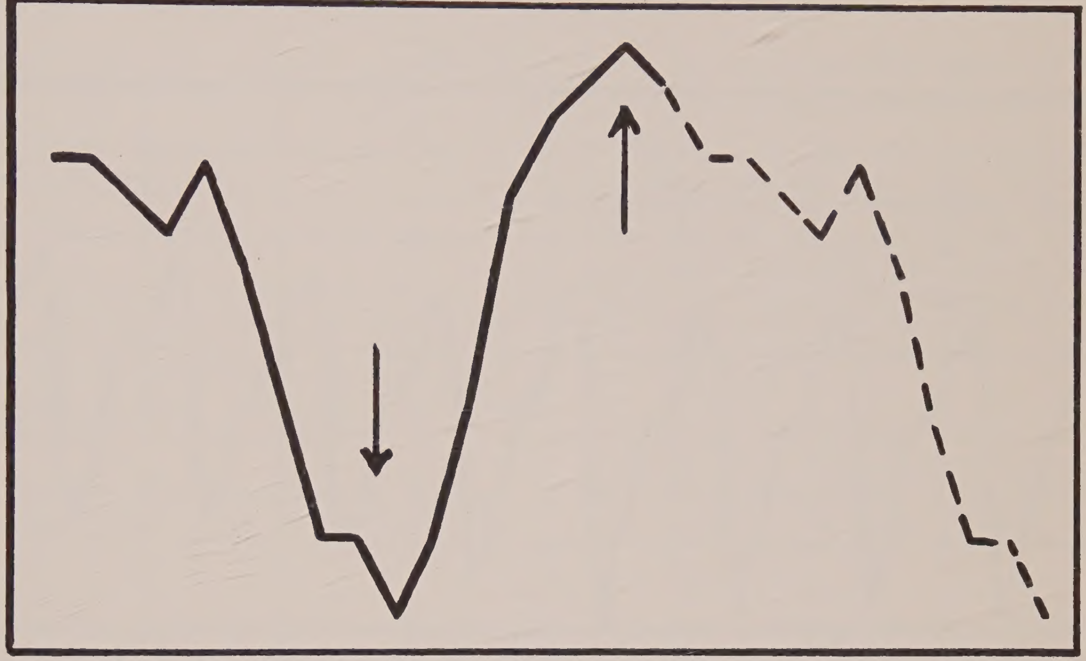


FIG. 1: THE AVERAGE 17 1/6-WEEK CYCLE IN SUNSPOTS 1954—1960

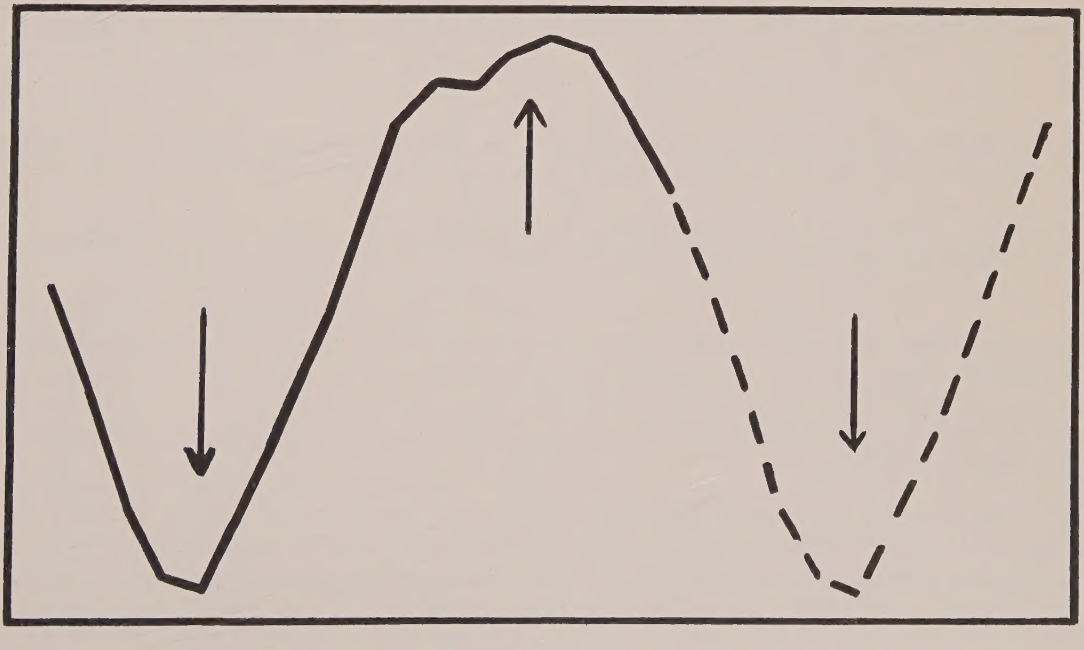
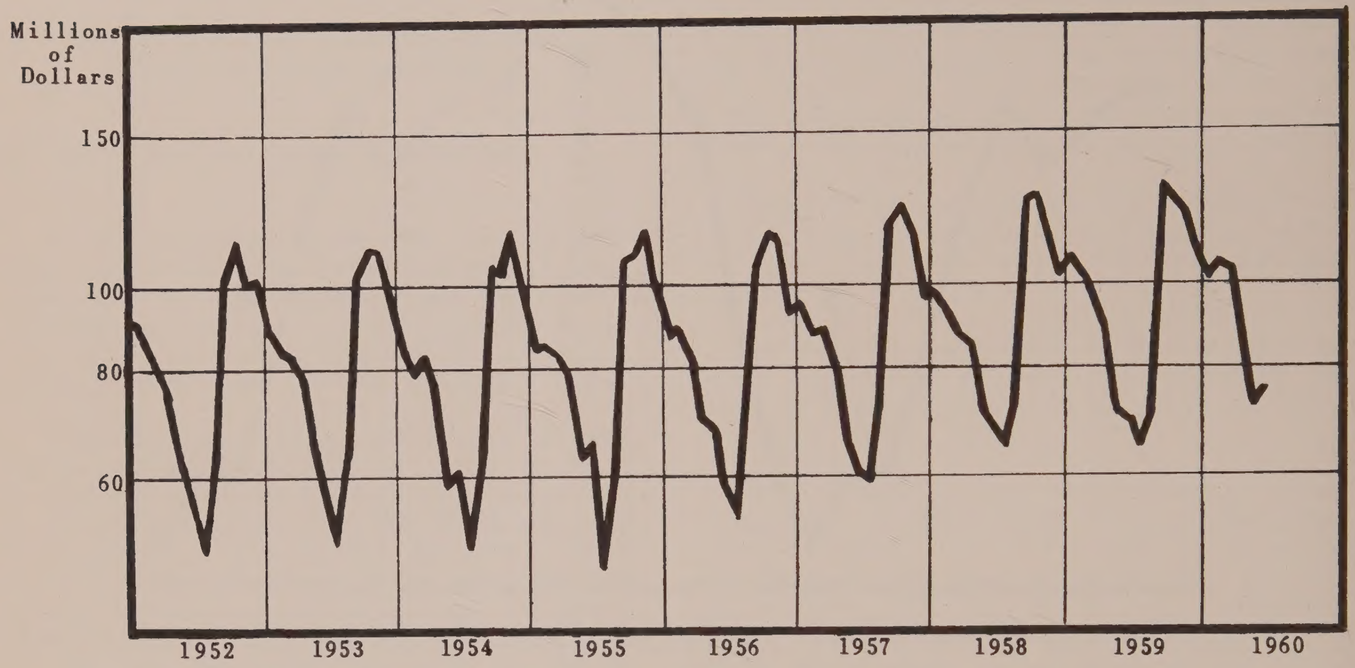


FIG. 2: THE AVERAGE 17 1/6-WEEK CYCLE IN STOCK PRICES 1954—1960

The Yearly Cycle In Candy Sales



MONTHLY SALES OF CONFECTIONARY MANUFACTURERS

One of our members who manufacturers candy asked if we knew of any cycles in his business.

The only cycle evident is the Christmas buying cycle—and I am sure he already knows about that!

To be precise, the sales of candy manufacturers fluctuate during the course of a year from a low in July which is 62% of the yearly trend to a high in October which is 136.5% of the yearly trend.

Individual years will vary some from the average pattern. Although October is usually the highest month, the highs also occur in September or November of some years. On the whole, however, the pattern is very reliable, as the chart shows.

The percentage for all the months of the year follow:

Month	%	Month	%
January	110.6	July	62.2
February	103.7	August	82.1
March	98.0	September	128.9
April	88.0	October	136.5
May	74.4	November	132.1
June	71.3	December	115.7

In addition to the 12-month pattern the chart reveals an uphill trend. This uptrend has continued steadily since 1956. It might be the upward phase of a long cycle. It might be a change in the basic underlying trend. It would require many more years of figures to find out. *G. S.*

Current Status of the 9.18-Year Cycle

by Edward R. Dewey

From time to time I have told you about a 9.18-year cycle in common stock prices.

This cycle was due to exert a downward force in the market from 1956 to 1960.

Certainly the market did not go down. To the contrary, it went up.

Has the 9.18-year cycle ceased to operate?

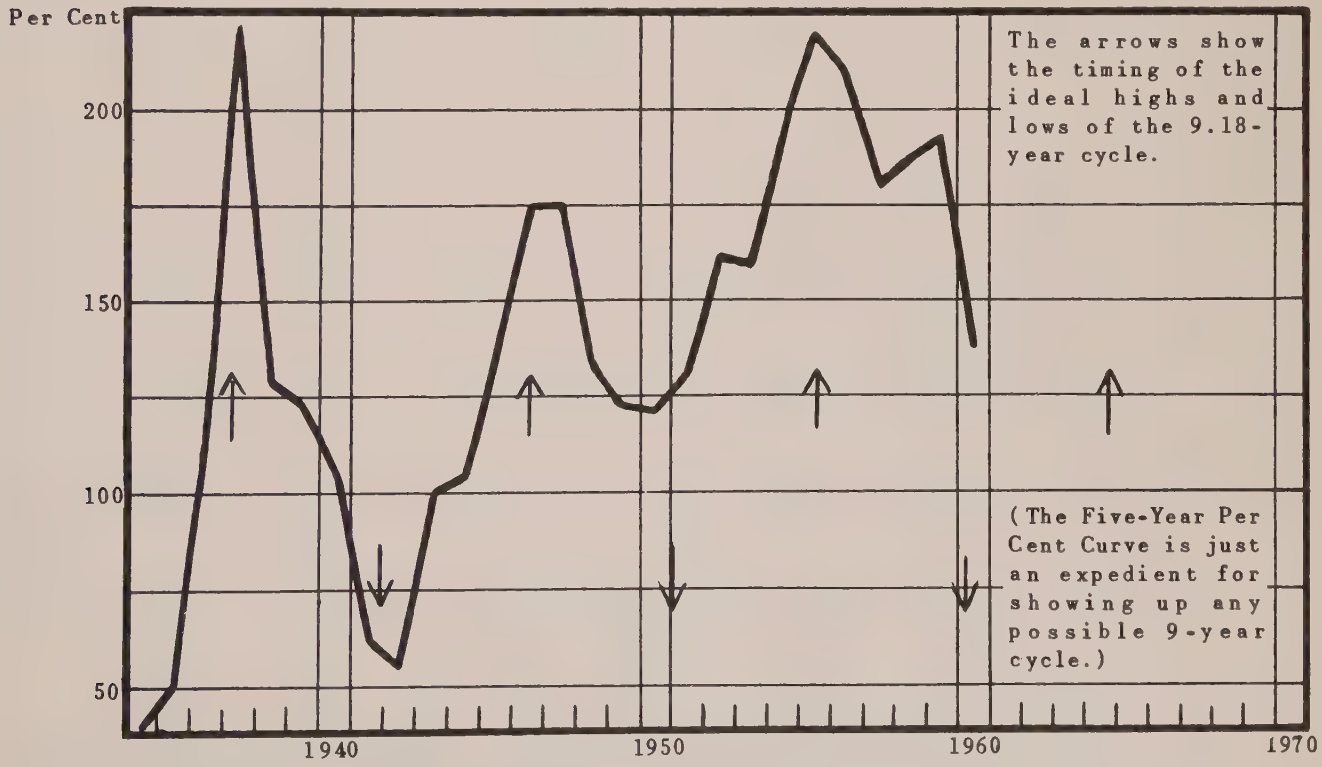
I do not think so. It looks to me as if this cycle has been operating all along. The reason I think so is shown below. This chart shows the percentages that stock prices for each year are of five years ago. In other words it shows the *rate* of increase.

As you can see, this rate of price increase has fallen off from 1955 to 1960. Prices increased, but at a less rapid rate than previously.

It is this fact that makes me feel that this cycle in these figures is still operating.

Starting in 1960 this cycle is due to go *up*. This does not mean that the market will necessarily go up. Other forces may overwhelm this cycle in the years to come just as they did from 1956 to 1960. However, it is comforting to know that if the market goes down for a while this 9.18-year force, if it continues, will keep it from going down as much as it otherwise would.

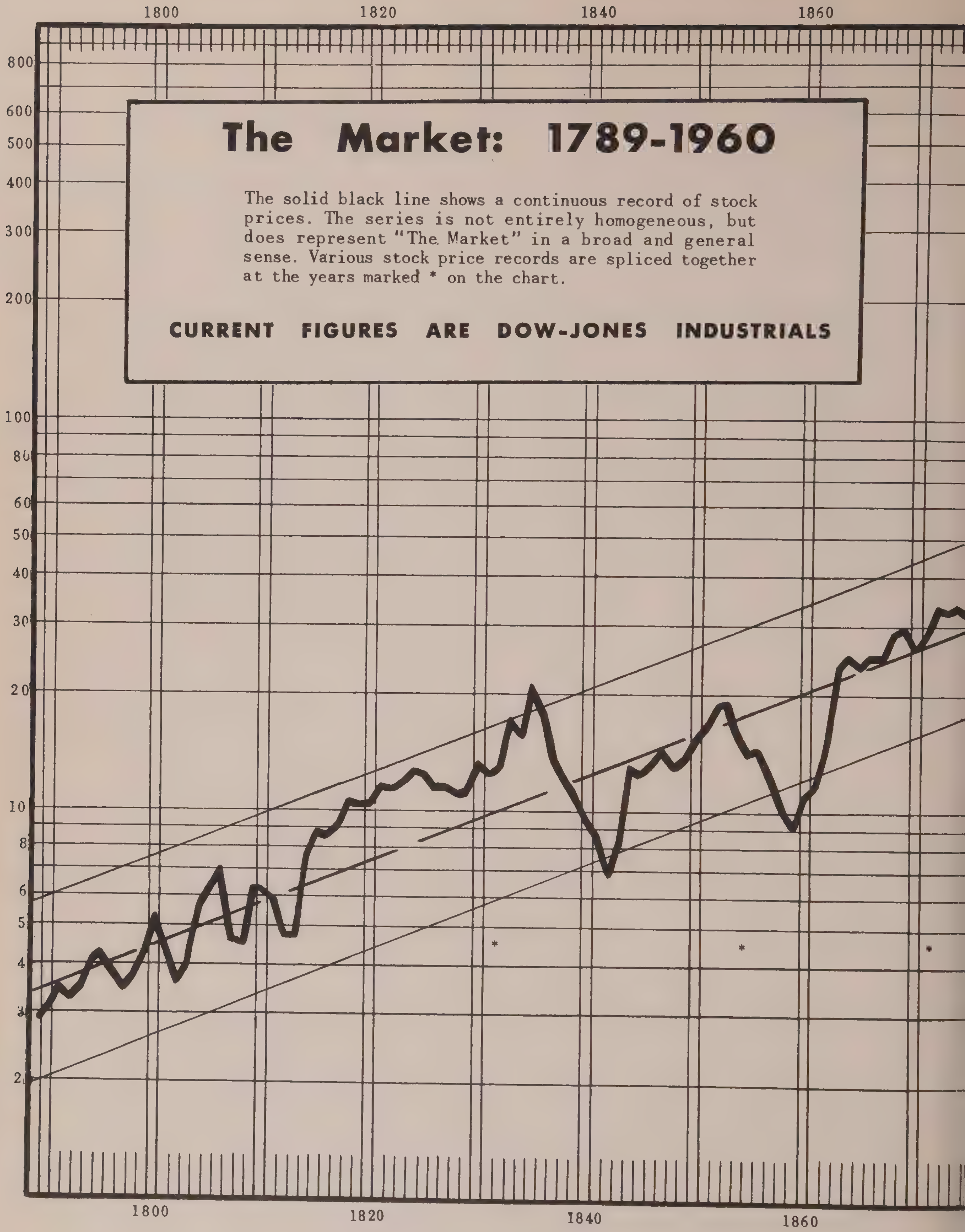
And, of course, the 9.18-year cycle may reassert the position of dominance that it held for so many years. If so, levels in 1965 will be higher than those of 1960.



The arrows show the timing of the ideal highs and lows of the 9.18-year cycle.

(The Five-Year Per Cent Curve is just an expedient for showing up any possible 9-year cycle.)

A FIVE-YEAR PER CENT CURVE OF STANDARD AND POOR'S COMBINED INDEX

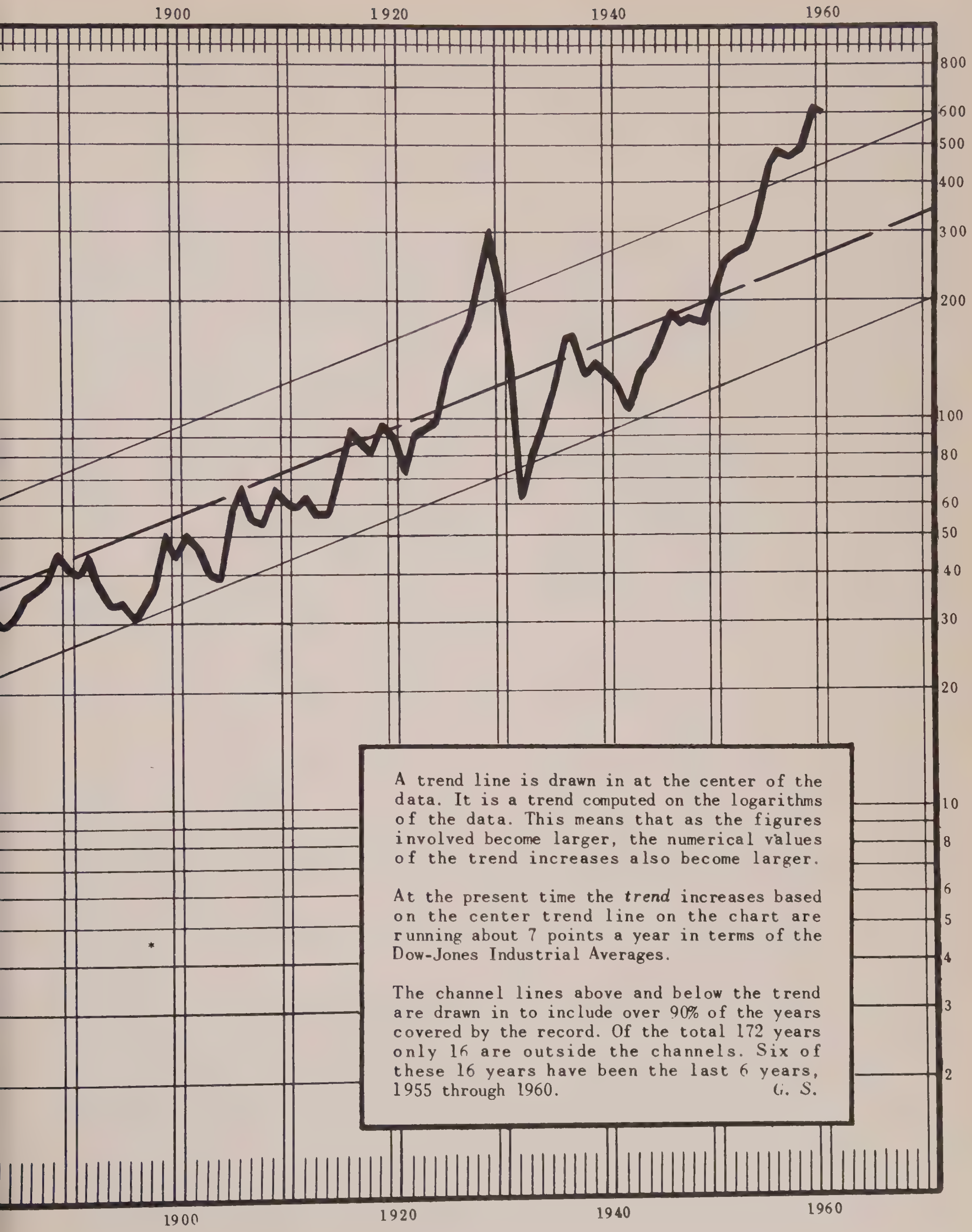


The Market: 1789-1960

The solid black line shows a continuous record of stock prices. The series is not entirely homogeneous, but does represent "The Market" in a broad and general sense. Various stock price records are spliced together at the years marked * on the chart.

CURRENT FIGURES ARE DOW-JONES INDUSTRIALS

Research by Staff



A trend line is drawn in at the center of the data. It is a trend computed on the logarithms of the data. This means that as the figures involved become larger, the numerical values of the trend increases also become larger.

At the present time the *trend* increases based on the center trend line on the chart are running about 7 points a year in terms of the Dow-Jones Industrial Averages.

The channel lines above and below the trend are drawn in to include over 90% of the years covered by the record. Of the total 172 years only 16 are outside the channels. Six of these 16 years have been the last 6 years, 1955 through 1960. *G. S.*

1959
AND A CYCLICAL THEORY OF HISTORY:
PART II

by Edward A. Lewin

Editor's Note: This article is excerpted from a longer one by Mr. Lewin. The balance of his work is about the nature of waves in general, and historical waves in particular. He traces the 169-year cycle back to the Crusades. Although we consider Mr. Lewin's ideas interesting enough to present, we leave the question of agreeing or disagreeing open between you and Mr. Lewin. *G.S.*

The January 1958 issue of *Cycles* had an article by the writer entitled, "1959 and a Cyclical Theory of History." It suggested that American history might be proceeding on an orderly and *accelerating* time cycle. The idea of a cyclical theory of history was explained and the opinions of scholars of the past and present were quoted who believe that nations and cultures demonstrate a process of birth, development and decline.*

As did Oswald Spengler (in *The Decline of the West*), it is suggested that, if understood and recognized, phases of a nation or culture can be charted on a time scale like the movements of other orderly processes in nature. The epochal phases can then be forecast for the future. This study goes further and offers a progression that coincides, in the writer's opinion, with the epochal events in American history. The next wave was to crest around August 21, 1959. It would mark a new incline or a decline of the nation.

The previous article set forth an historical chart of the American culture showing the epochal events and the progression to which the events conformed.

Was 1959 a Critical Year?

The author waited until one year after the projected epochal date. It is now his opinion that 1959 did indeed develop events which indicate that the United States may now be a second rate power.

An epochal event must be one that is to immediately or later change the course of history. It may not be recognized immediately. The first permanent American settlement at Jamestown and Guttenberg's invention of the printing press were hardly noticed in their time (Guttenberg became bankrupt).

Possible Epochal Events

October 4, 1957: "Sputnik" launched by the Russians, opening the Space Age, signalled that the Soviet Union was the first nation with the capacity to accurately propel an intercontinental ballistic missile.

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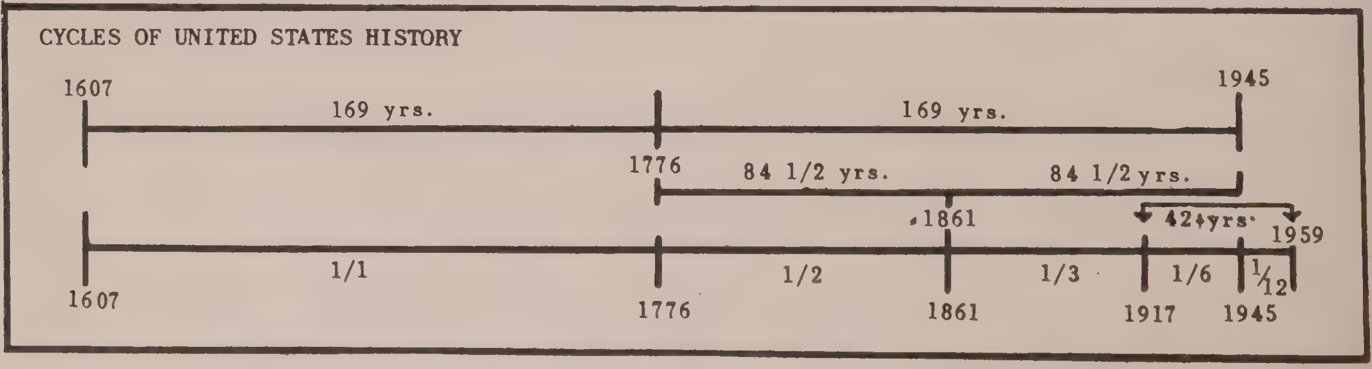
*Arnold J. Toynbee in *The Study of History* examines 21 major cultures, all of whom rose, declined, and fell.


CYCLES OF UNITED STATES HISTORY

The basic 169-year cycle splits into progressively smaller parts. The parts run 1/2, 1/3, 1/6, 1/12 of the whole.

January 1, 1959: Castro of Cuba ousts Batista and starts to transform a nation at the southern doorstep of the United States from an American ally to a Russian ally.

August 3, 1959: Stock Market. Highest point of Dow-Jones stock averages in New York stock market (224.35 for 65 stocks) from which point there has since been a considerable and generally consistent decline.

September 12, 1959: Moon hit first by Russia.

September 15, 1959: Khruschev visits the United States.

October 4, 1959: Moon circled first by Russia, and hidden side of the moon photographed by space vehicle.

April 29, 1960: U-2 Spy Plane Incident. United States caught in lie in denying, then admitting sponsorship of spy plane over Russia.

May 16, 1960: Russia cancels invitation to Eisenhower to visit Russia.

May 18, 1960: Russia ends Summit Conference due to U-2 incident.

June 19, 1960: Premier Kishi of Japan withdraws invitation to en route President Eisenhower. This represented an unprecedented loss of face for the United States.

The above events, all of possible epochal status (because they each may materially alter the course of future history) are of military, economic and international political importance. In trying to anticipate history, how would one assess them for *the* epochal event?

Many observors would select the Russian Sputnik ushering in the Space Age. If so, its date of October 4, 1957 was one year and ten months ahead of the projected epochal time of August 21, 1959. If we should ever be involved in an actual intercontinental ballistic missile war the question of epochal dates and all others would be settled.

However, the writer would select the stock market high of August 3, 1959, as the most historic date. That date, 18 days off from the projected epochal date of August 21, 1959, may be the most dangerous for us and may render Russian rockets unnecessary. While we are anxiously working to guard ourselves from trouble without, the greatest threat may be brewing within.

What Next?

Let it be noted that the 7th cycle in the history of the American culture will be, in these speeded up contemporary times, 1/24th of 169 years, or seven years after 1959, or 1966. Let it also be noted that this cyclical theory, if it is valid, shows a "running out of time," inasmuch as the fractions of the cycle become smaller. A new cycle series will somewhere have to be created.

Mount Vesuvius Due to Erupt

If the 14 to 17-year cycle in the volcanic activity of Mount Vesuvius comes true again, 1960 or 1961 may see another eruption of that historic volcano.

A United Press dispatch of September 7 cites the volcanologist Giuseppe Imbo as the source for this dismal prediction.

The destruction of ancient Pompeii is the best known eruption of Vesuvius. However, it has never been totally quiescent in modern times. In 1906 there was a serious explosion which completely altered the shape of the cone and covered Naples with a two inch layer of ash. Since then it has continued active at intervals of a few weeks to a few years. Sometimes it emits only steam and dust, but frequently there are flows of lava.

1929 was a year of eruption, and the last eruption was in 1944, when Vesuvius acted as a backdrop to the battle of Cassino 60 miles to the north. If the volcano sticks to a schedule of eruptions 14 to 17 years apart, the next eruption is due within the year.

Time and time again . . .

BY GUSTAV GUMPERT

Postscript on Tomaschek

We reported recently that Britain's *Nature* published a paper by the German geophysicist Dr. Rudolf Tomaschek about the placement of Uranus at the time of major earthquakes. Here is a postscript to that report:

The Tomaschek study was published in July, 1959. In late December, 1959, a prominent American astronomer, Smithsonian's Dr. Allen Hynek, described the Tomaschek findings as "one dilly of a coincidence" in a syndicated newspaper column. "Any physical influence of Uranus on the Earth is scientifically out of the question," he said.

But in August, 1959, a quake occurred in Montana while Uranus was in the critical Tomaschek zone; and, a few weeks after Dr. Hynek published his comments, the great shake of Agadir took place. Where was Uranus? Located in celestial longitude right above that city!

Another One That Came True

In October, 1954 issue of *Cycles,* readers were told about a study by Professor E. L. Moseley, late Head of the Department of Biology and the Curator of the Museum at Bowling Green State University, Bowling Green, Ohio.

In a paper entitled *Long Time Forecast of Ohio River Floods,* Professor Moseley told of his discovery that the sequence of rainfall in the Ohio River Valley tends to repeat at about 45-year intervals. He said the next big flood was due in 1959.

In January of 1959, there was a flood in the Ohio Valley that was especially severe in the Allegheny River Valley (Moseley was particularly interested in forecasting floods at Pittsburgh). The 1959 flood was caused mostly by ice jams and the consequent backing up of water. When a sudden thaw came, the jams broke and there was a flood.

Moseley came to the conclusion that the best correspondence is found at intervals of 90.4 years (just twice 45.2 years). It was this cycle that timed the 1959 flood so neatly.

Austria Out Front

One of the more daring of the world's medical journals is published in Vienna. Remarkably, the *Vienna Medical Journal* has shown none of the stodgy conservatism that has prevented technical publications in many other nations from coming to grips with important cycle data.

Here are two papers published by this journal that may deserve closer consideration. In both 1941 and 1950 this publication presented statistical reports by Japanese biochemists Takata and Murasugi concerning the correlation between solar activity and the varying rate of flocculation of human blood serum. After 17 years of work and thousands of experiments, this correlation seems well established and has enormous implications for both astronomy and medical science. It apparently points to some unknown factor in solar radiation.

The Austrian journal in 1956 and 1958 published the findings of Italian chemist Piccardi; later, these data were independently verified by other researchers in both Vienna and Brussels. Reducing the data from 105,000 experiments and eliminating the possibility of local influences, Piccardi found a direct correlation between variations in sunspot activity and differences in the flocculation rate of bismuth chloride in water.

More about Luna

Speaking of the sun, reminds us that only last week—quite belatedly—we came across a *Ladies' Home Journal* item on the 1959 findings of two New York doctors, Walter and Abraham Menaker. They summarized the findings of three massive statistical studies which pointed to a correlation between lunar periodicity and human reproduction. Maybe this is more than an old wives' tale.

Famous Quotations

Alcmaeon, a Pythagorean physician: "Man dies because he cannot join his end with his beginning."

Letters to the Editor

Freight Car Cycles

Dear Mr. Dewey:

Enclosed is a copy of a chart I made in connection with an investigation of the railroad freight car building business. On the basis of the cycle which seems to exist in this business, I made some projections (dotted lines on chart) and have thus far come a little closer in my forecasting than did the industry analysts who, at the beginning of the year were forecasting an output of about 70,000 units. Current estimates have been lowered to 50,000 - 55,000 units which compares favorably with my estimate of around 53,000 units. Perhaps some of the readers of *Cycles* would find this information of interest.

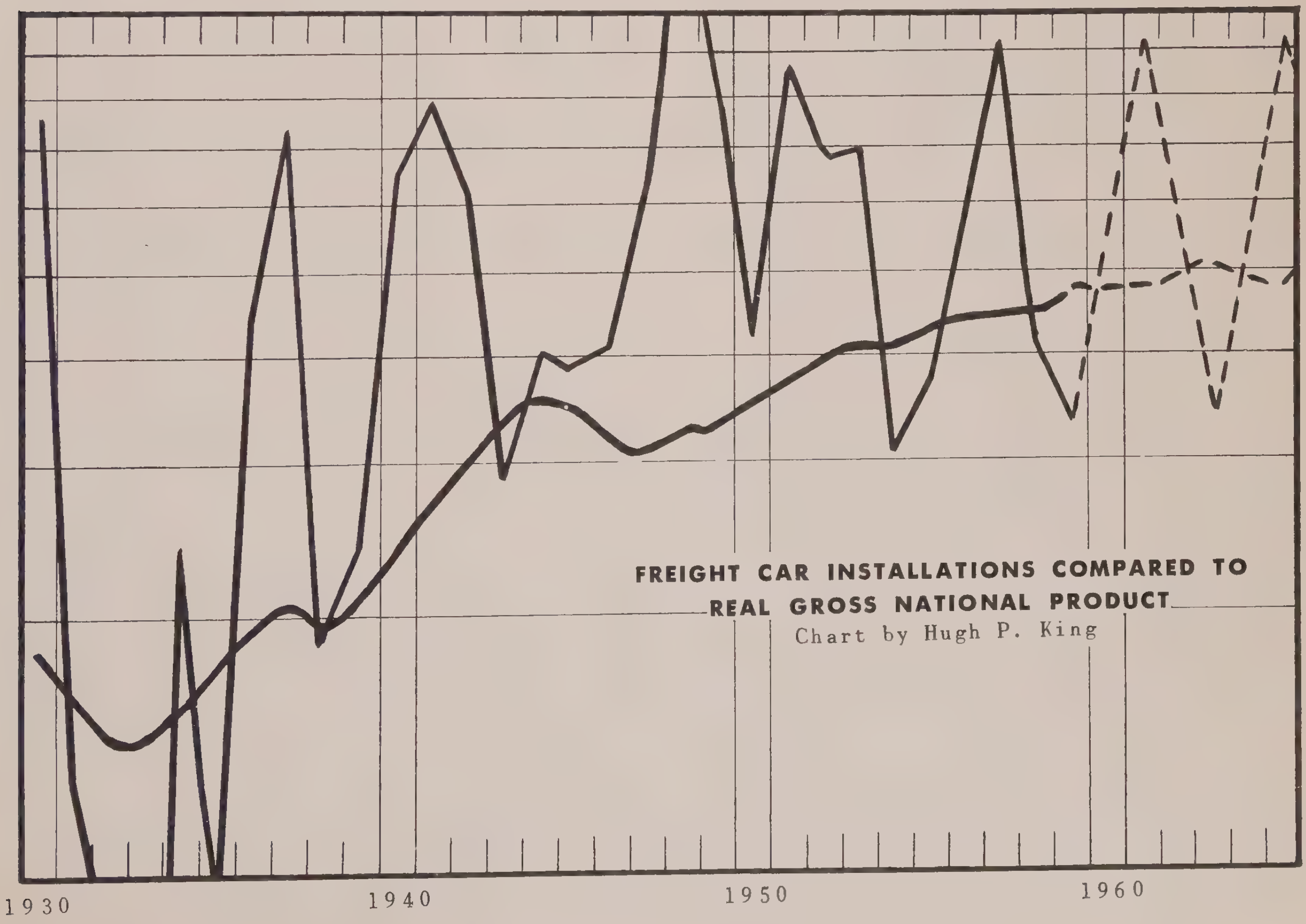
Farmingdale, N. Y. Hugh P. King

The Right Word

Dear Mr. Dewey:

Apropos your comments on page 172 in the August issue "random," "chance," and their closely equivalent words are all widely used in the circles of science. For precision in thinking about events in the universe, probably it would frequently be better to substitute "the cause is unknown to *me* at this moment."

At other times, when multiple causes converge on the problem of current interest, what is really meant by a "random" observation is that the causes other than the one under study at that time are present with such plus and minus forces as to nullify each other, on net, and therefore have a combined influence as



FREIGHT CAR INSTALLATIONS COMPARED TO REAL GROSS NATIONAL PRODUCT

Chart by Hugh P. King

they did not exist at all. In this instance, too, it seems to me poorly descriptive of the circumstances to call it "random."

All this is to point up a problem you must have to find words that will accurately convey your thoughts in a pioneer field of investigation.

Burlingame, California F. A. Harper

Cycle Length

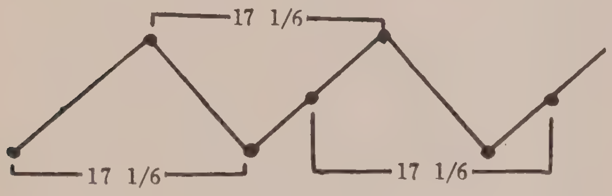
Dear Sir:

You mentioned a 17 1/6-week cycle in the stock market. Does that include a high at one end and a low at the other end of 17 1/6 weeks? Or does the cycle go from a low to a high about midway then to a low at the end of the cycle?

Cicero, Indiana John F. Sholtz

Comment: The 17 1/6-week cycle covers 17 1/6 weeks from one high to the next high (with a low in-between). Or, it covers 17 1/6 weeks from one low to the next low (with a high in-between).

The length is given as being the distance between two points which are in the same relative position on the cycle, thus:



Geisinger Indicator

Dear Mr. Dewey:

Referring to page 182 of the August 1960 issue of *Cycles,* I was interested in the comment made by Orrin B. Werntz, Cleveland, Ohio, saying that when the Modified Geisinger Indicator reaches a minus *five,* it seems to mean the end of the downturn has been reached. More interest in this generalized thinking could be added if Mr. Werntz dropped the other shoe,—what value on the upturn signifies that the best has been reached?

New York, New York E. G. Cole

Comment: The high value of the Geisinger Indicator which might signal that the best has been reached is not quite so definite a matter as the low value.

Industrial production tops—or turning points before flat periods have had corresponding Geisinger Indicator values as follows:

F.R.B. Peaks	Geisinger Indicator Peaks
1948 top	over 2 (8 months previous followed by a slow slide)
1951 top	4+ (about eleven months previous followed by a slow slide)
1953 top	2 tops: (a) about +2, five months previous followed by a slow slide (b) 2+ about seventeen months previous followed by a slow slide
1957 top	really no high peak
1960 top in Feb?	+5 (nine months previous followed by a sharp slide)

I think when the Geisinger Indicator is at a high level (well above the zero line) but is starting to slide off you can start to look for the -2 that will definitely signal bad business.

We pay most attention to the signal points —+2 for good business, -2 for slowing or poor business. *G. S.*

Pro and Con

Dear Sir:

May I compliment you on your efforts to make *Cycles* more interesting, more readable, more attractive. The increased use of white space and pictures, the variety of type and format, the better quality of paper, are all to the good. Also you are to be congratulated on the simple and more readable English you are now using, your improved charts, your improved article headings, and your efforts to point up conclusions.

But in your efforts to improve the appearance of *Cycles,* aren't you getting a little off the track as far as subject matter is concerned?

Lately you have been printing items which seem to be trivia, and have little or no scientific validity. I am thinking of some of the items which are mentioned in "Time and Time Again," and articles such as "Petersen's 603-Year Cycle."

Don't you think that you had better get back on the track?

New York, New York John Hawkmuller

Comment: Yes.

The Cycle Round-Up

ON: EGG PRICES
HOG PRICES
9. 18-YEAR CYCLE IN STOCKS (P.247)

EGG PRICE CYCLES CONTINUE TO OPERATE

The broken line on the egg price chart below combines the 12-month and the 26.5-month cycles with the underlying trend.

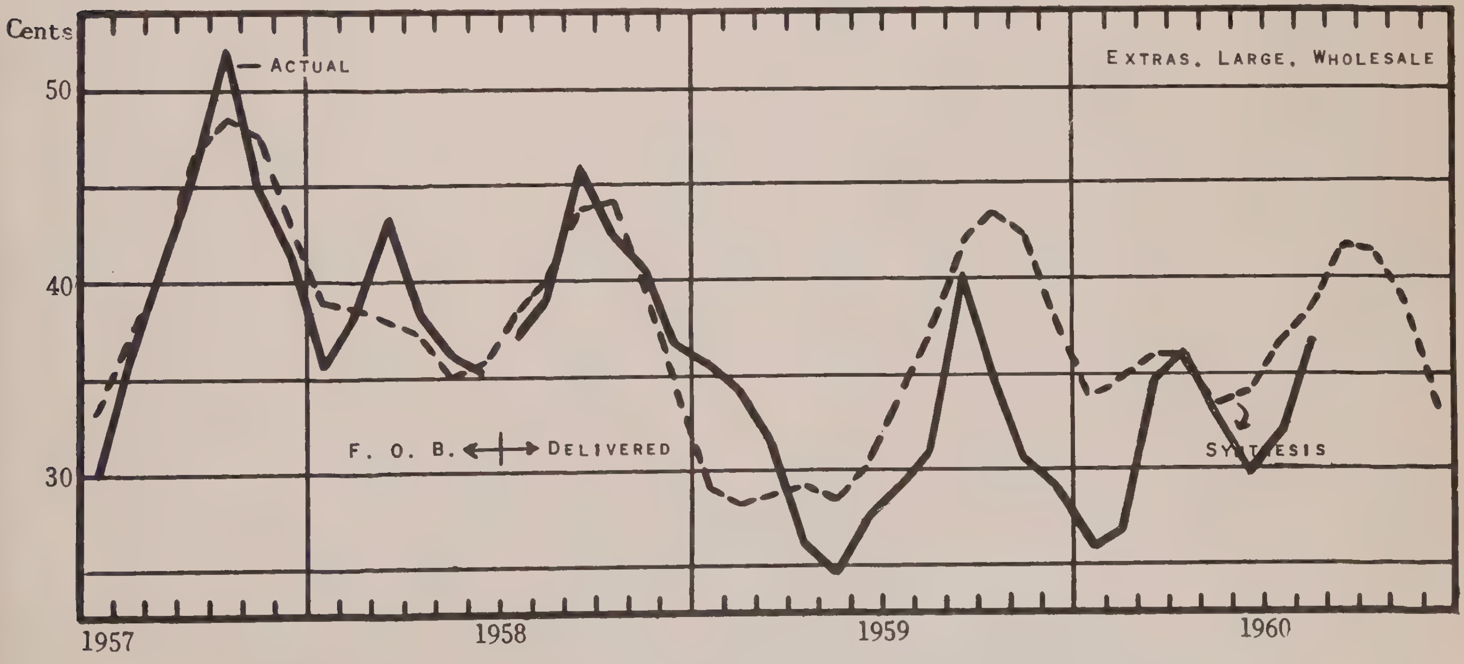
Although a spread develops between the two lines from time to time, the general contour of the two lines had been the same over the period shown. (For more complete summaries see *Cycles* for April 1958, and October 1959.)

The seasonal peak in egg prices comes at September, and the seasonal low comes during the first four months of the year. The 26.5-month cycle is currently going down toward a low due at May, 1961.

If these cycles continue to operate, and if we have the underlying trend at a reasonable level, egg prices may develop a pronounced slide in late 1960 and early 1961.

The actual cash figures shown by the solid line are monthly averages at Chicago. Daily figures will differ from the average for the month, and other locations will show different levels.

G. S.



COMBINED CYCLES & TREND COMPARED TO CASH PRICES

HOG PRICES CLIMB WITH THE CYCLES

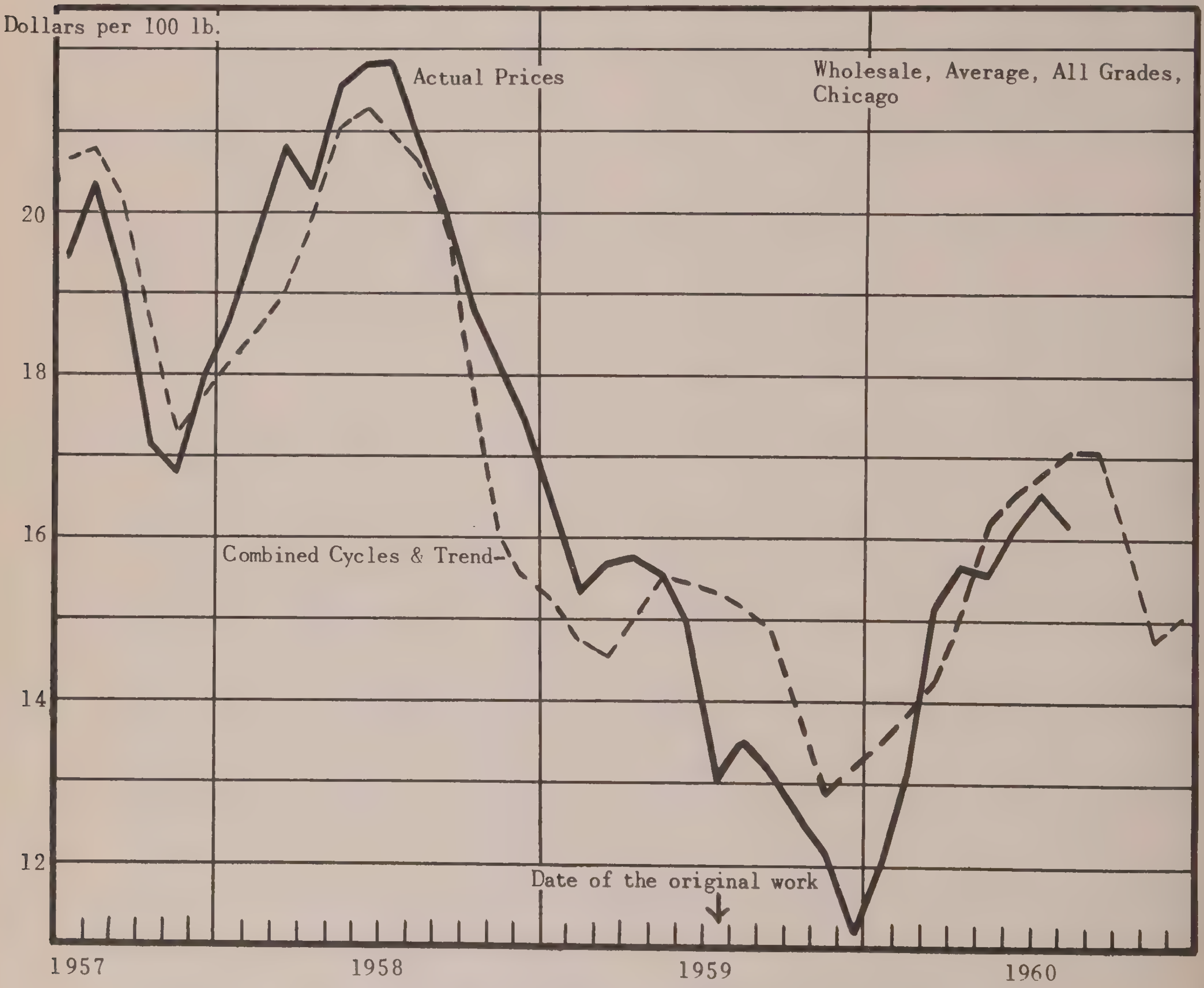
Hog prices have recovered from the December low of $11.19. They reached $16.57 in July, an increase of almost 50%. The average price during the month of August was off a little at $16.14.

December is normally the lowest month in the year, and May, June, July, and August are normally the highest months for hog prices. The spring increase in hog prices for the entire 1901—1958 period has averaged 18%. The 18% figure is an *average* and includes years with a smaller increase in the spring, and also years with a greater increase in the spring. The 50% increase in the spring of 1960 is greater than usual.

Part of the large rise in prices this year was due to the rising force of another cycle—the 38.2-month cycle. The broken line on the chart combines the 38.2- and the 12-month cycles with the underlying trend.

The 38.2-month cycle had an ideal high (based on average past experience) at October. After October, however, the 38.2-month cycle will be falling. If it continues to operate, it will be exerting a *downward* force for the next 16 months. The 1961 spring increase in hog prices will not be bolstered by this cycle.

G. S.



COMBINED CYCLES & TREND COMPARED TO ACTUAL PRICES

THE GEISINGER INDICATOR

Last month's "Caution" repeated

In recent months we have been warning you about the possibility of a slump in total industrial production, particularly during the final quarter of the year. This warning still stands.

There is now, however, a ray of encouragement. For the first time this year the Geisinger Indicator moved sharply upward. It did not reach the point (plus 2.00) which would signal good business in the spring, but it did get up almost to the zero line.

To overestimate the importance of this "ray of hope" would be to overwork a good tool. Note that the rises of 1956 and 1957 both petered out before they reached the value of +2.00 which, in the past, has preceded an advance of business.

Actual industrial production held at a high level during August, dropping only one point from the previous month. The Federal Reserve Board's seasonally adjusted Index of Industrial Production was 165 for August. This level is 65% above the 1947-49 level of production.

The Geisinger Indicator was up to -0.20 for May. This figure includes the effect of what happened in the economy during the month of August. When advanced, this value applies to next January.

The First Difference Indicator again moved sideways and stood at -0.17 for July.

The Modified Geisinger Indicator moved up from -2.33 in April to -0.04 in May.

Our recent note of warning still stands, but the indications for next year may improve shortly. We must wait and see.

September 28, 1960 E. R. Dewey

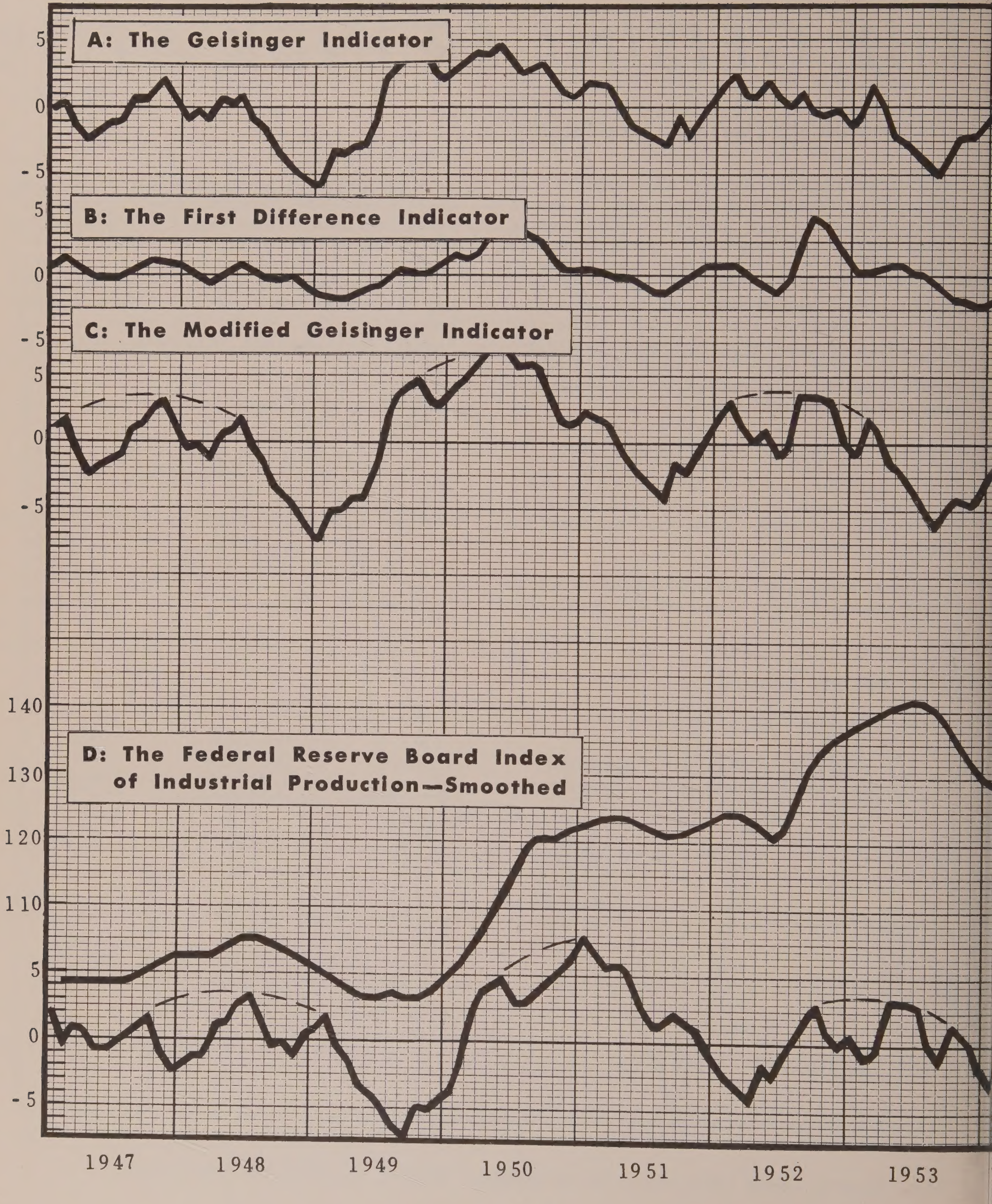
The recent record:

Month	F.R.B. Index	Geisinger Indicator	First Difference Indicator	Modified Geisinger Indicator	Timing Advanced 8 Months
Oct-1959	154	-3.20	-1.83	-5.03	1960-Jun
Nov	155	-1.00	1.00	0.00	Jul
Dec	165	-0.80	3.67	2.87	Aug
Jan-1960	168	-2.80	4.16	1.36	Sep
Feb	166	-1.60	2.00	0.40	Oct
Mar	166	-2.20	-0.33	-2.53	Nov
Apr	165	-2.00	-0.33	-2.33	Dec
May	167	-0.20	0.16	-0.04	1961-Jan
Jun	166	*	0.17	*	Feb
Jul	166	*	-0.17p	*	Mar
Aug	165p	*	*	*	Apr

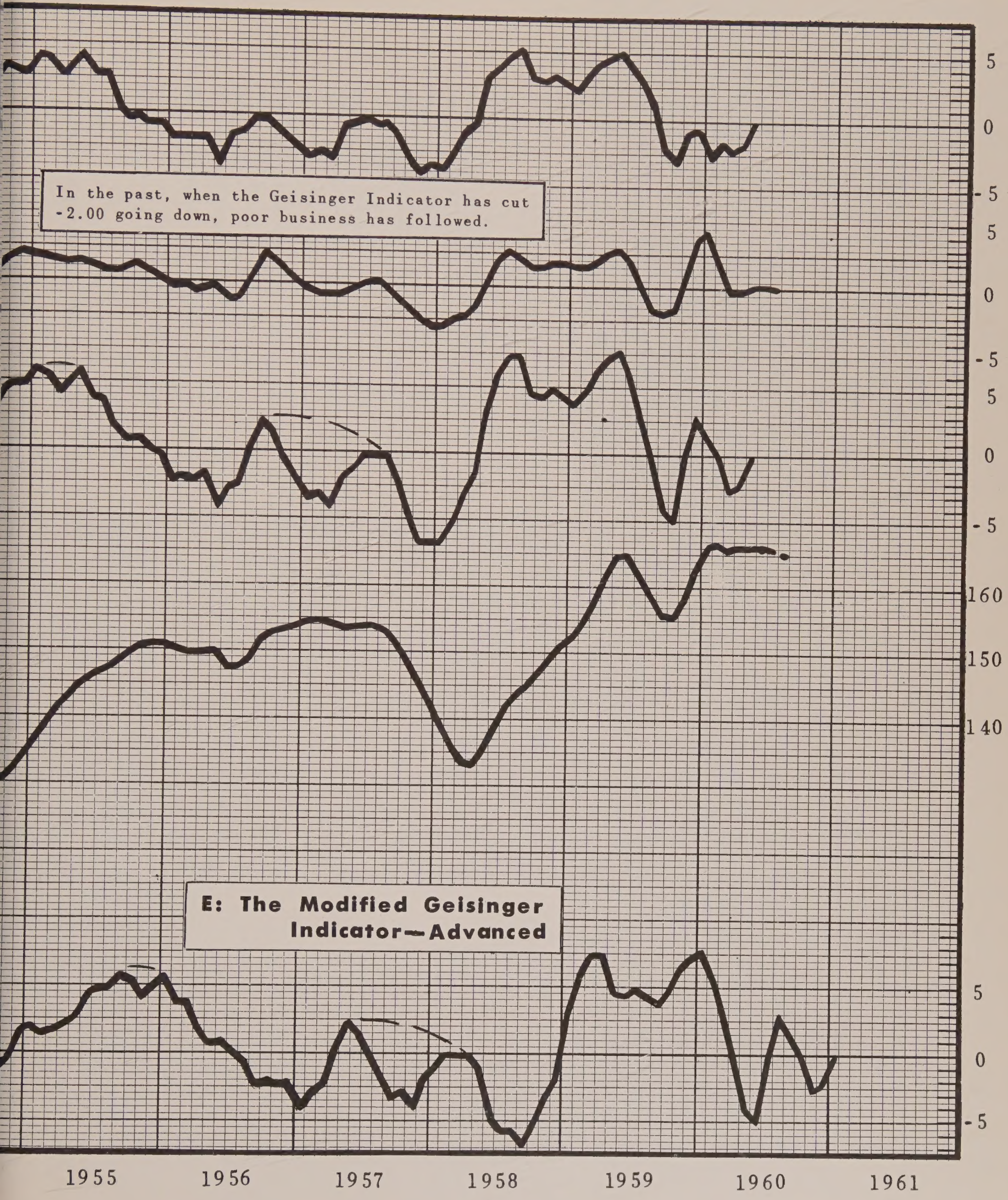
p - preliminary; * - not yet available

The chart: See the next two pages

The Geisinger Indicator Compared To Industri



Production:



In the past, when the Geisinger Indicator has cut -2.00 going down, poor business has followed.

E: The Modified Geisinger Indicator—Advanced

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